Oklahoma Current Farm Economics

In This Issue:

Agricultural Situation, Crops,
Livestock and Livestock Products,
and Tables of Prices and Price Indexes

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THE AGRICULTURAL SITUATION

General

Business Activity

Business conditions for the coming year will be determined to a large extent by the changes that take place in the levels of consumer expenditures, private investment, and governmental expenditures. The outlook for each of these factors provides indications of a growing economy during 1959.

Gross national product fell from $445.6 billion in the third quarter of 1957 to $425.8 billion in the first quarter of 1958. This decline can be attributed largely to a $20.2 billion curtailment of private investment, particularly in inventories. The $2.5 billion increase in government purchase exceeded slightly the decline in consumer expenditures. By the third quarter of 1958, increased outlays in all three sectors brought gross national product to an annual rate of $440.0 billion.

The six-month dip in consumer purchases resulted from a sharp reduction in expenditures for durable goods moderated by a rise in outlays for services. Reductions in wage and salary payments were largely offset by larger unemployment and social security payments as well as improvements in farm income. During the recovery, disposable income climbed to $314.0 billion, exceeding the $308.7 billion of the third quarter of 1957. Consumer incomes are expected to rise in 1959, strengthening the demand from this sector of the economy.

In response to the consumer attitude toward durable goods, private investment dropped $20.2 billion during the six months ending with the first quarter of 1958. Producers' durable equipment dropped $5 billion during the recession, although little change has taken place in the construction industry in 1958. Business inventories declined by almost $12 billion during the recession. Since the first quarter of 1958, a slackening in the rate of inventory reductions brought business inventories to a level $6 billion under a year ago. For 1959 the reduction in inventories is expected to come to a halt. The declines in outlays for new plant and

equipment are also expected to cease. There are some indications for a rise in outlays.

Government purchases during the recession increased by $2.5 billion. In the recovery, total government expenditures increased by $3.5 billion, which reflected increases in unemployment compensation, Commodity Credit Corporation activities, and federal-aided highway construction. The outlook is for continued increases in government expenditures for national security, schools, highways, and other facilities.

Agriculture

The demand for farm products, high in 1958, is expected to strengthen further during the coming year. However, output of crops and livestock products set a new record in 1958, which increased the problem of surplus disposal. A further increase in the output of farm products is anticipated for 1959. Thus, lower prices in 1959 are expected.

Realized net farm income in 1958 increased 20 percent from the level of $10.8 billion in 1957. Farm income in 1959, although higher than the 1957 level, is expected to be 5 to 10 percent below last year. Larger marketings of hogs, early vegetables and several other products can be expected to result in lower average prices. In addition, Soil Bank payments may be curtailed while farm costs may be expected to continue to rise.

Increased income, increased land values and more valuable inventories of crops and livestock have raised farmer equities to $177 billion —89 percent of total assets.

—John Franzmann

CROPS

Wheat

Wheat supplies are the largest on record. In the 1958-59 marketing year, supplies total 2,340 million bushels and consist of the July 1, 1958 carryover of 880 million, the current crop estimated at 1,450 million, and imports of about 10 million bushels (principally of feeding quality wheat). These supplies are about 290 million bushels above the previous record supplies of 1956-57, the increase resulting chiefly from high yields of the 1958 crop.

The 1958 harvested acreage was 53.6 million acres. The previous record production of 1,359 million bushels in 1947 was on 74.5 million acres, 39 percent larger than the acreage in 1958. The average yield per acre in 1947 was 18.2 bushels compared with 27.0 bushels for 1958.

Domestic disappearance for 1958-59 is estimated at 610 million bushels, 25 million bushels above the domestic consumption in 1957-58. Food use (including use by Territories of the United States and by military service) is estimated at 484 million bushels. Feed use may total 60 million bushels, about 70 percent greater than the quantity used for feed last year but below the long-time average. Seed use is estimated at 66 million bushels, 3 million greater than last year.

With total supplies of 2,340 million bushels and a domestic requirement of 610 million bushels, about 1,730 million bushels will be available for export and carryover. Exports in 1958-59 may approach 430 million bushels, which, although large, are about 20 percent below the all-time record of 549.6 million bushels in 1956-57. If exports are this large, the carryover July 1, 1959 would be about 1,300 million bushels. This would be about 420 million, or 48 percent, above the total of 880 million bushels last July and would exceed the previous peak of 1,036 million bushels of July 1, 1955.

It is estimated that about 55 million acres of wheat will be harvested in the United States in 1959. If the past three-year average (1956-58) yield of 23.0 bushels per acre should be obtained, a crop of about 1,265 million bushels would be produced.

If domestic disappearance and exports during the marketing year 1959-60 hold at the 1,040 million bushel level predicted for 1958-59, estimated production would be about 225 million bushels greater than the estimated disappearance and would increase the carryover on June 30, 1960 to over 1,500 million bushels.

Record quantities of wheat continue to move under price support loans and purchase agreements. According to the monthly report on price support activities issued by the U. S. Department of Agriculture, commitments of 1958 crop wheat under price support loans and purchase agreements totaled 453,815,060 bushels as of October 31, 1958. Comparable data for earlier years are not available, but the aggregate of wheat under price supports and purchase agreements is at a record high for the date. (Starting this year, loan participation is reported on a month-end basis rather than the previous mid-month data.)

The quantity of wheat under supports as of October 31 this year

was larger than the full crop year totals in every year but two since the start of the wheat program in 1938. The exceptions were 459,900,000 for the 1952 crop and 557,200,000 for the 1953 harvest. In the year of record loan participation, 1953, the quantity impounded to November 15 was 407,678,813 bushels, only 46,000,000 less than already entered to November 1 of this year.

Total wheat impoundings of the 1958 crop as of October 31 consisted of loans on 345,444,195 bushels in commercial storage, 106,701,269 in farm storage, and purchase agreements of 1,669,596 bushels. Kansas growers ranked far in the lead with 143,110,156 bushels entered into supports through October 31. Oklahoma was second with 52,870,000 bushels.

Producers have until January 31, 1959, in which to enter 1958 crop wheat into loans and purchase agreements. Predictions are being freely made that the final impoundings will set a new record.

—Nellis A. Briscoe

Cotton*

Supply

The total supply of cotton in the United States is now estimated to be about 20.6 million running bales. This compares with a total supply of about 22.4 million bales in 1957-58 and 27.6 million bales in 1956-57. The total supply this season is made up of an August 1, 1958, carryover of 8.7 million bales, estimated imports of 145,000 bales, and estimated production of about 11.7 million bales.

The 1958 crop is being produced on 11,960,000 harvested acres, the smallest since 1876. Yields are expected to reach a new all-time record high of 472 pounds per harvested acre.

Disappearance

Disappearance in 1958-59 is now estimated at about 12.3 million running bales. It is composed of an estimated domestic mill consumption of 8.3 million bales and exports of 4.0 million bales. The expected disappearance is about 1.5 million bales less than in 1957-58, but is larger than the 1958 crop. Thus a further decrease in carryover is expected by August 1, 1959.

*The material on cotton is summarized from the 1959 Outlook Issue of *The Cotton Situation*, AMS, USDA, November, 1958.

Although expected domestic consumption is up some 300,000 bales from last year, exports are expected to be some 1.7 million bales smaller than in the 1957-58 season. The per capita consumption of cotton in domestic mills in 1957 reached the lowest level since 1938. At 23.7 pounds per capita, it was 2.2 pounds below that of 1956. Total fiber consumption per capita of 36.1 pounds in 1957 was also down 2.6 pounds from 1956. A major factor in the decline in domestic cotton consumption has been the loss of industrial markets.

Increased foreign supplies available for export and reduced foreign mill consumption have been responsible for the decline in exports. Large inventories of textile products are also reported in foreign countries.

Marketing Quotas and Acreage Allotments

Information regarding marketing quotas and acreage allotments was summarized in the October, 1958, issue of *Oklahoma Current Farm Economics.* This issue also contained a summary of information concerning the alternative support options available to farmers for 1959 and subsequent crop cotton provided for in the Agricultural Act of 1958. There has been no change since that time.

Prices

The price situation in cotton is summarized in Table I. Prices have averaged below the support rate during 1958-59 in contrast to prices averaging above the support rate during the same months of the two previous years.

—Mark Fowler

Feed

Following another year of very favorable weather, 1958 production and carryover stocks boosted the total U. S. supply of feed grains and other concentrates to a new record of 242 million tons (Figure 1). This is 10 percent larger than last year. High yields per acre, especially in 1957 and 1958, have been a major influence. This year the per acre yield of each of the four feed grains set a new record. The 1958 feed grain crop is expected to result in an increase of around 25 percent in carryover stocks from the beginning to the close of the 1958-59 marketing year, the sharpest yearly increase since 1948-49.

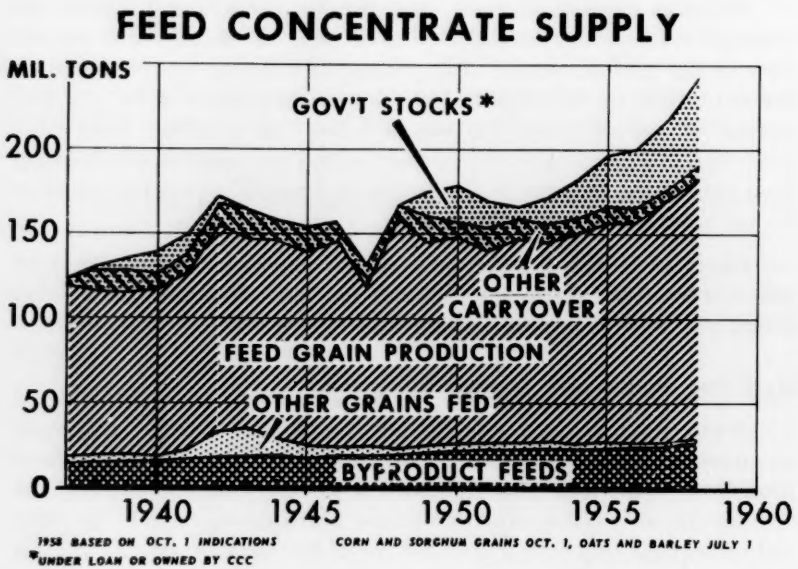

Figure 1.

In Oklahoma, record high yields have been assured for barley and rye and are definitely in prospect for grain sorghums. Near record yields were obtained for oats and are anticipated for corn.

Grain Sorghums

The total U. S. grain sorghum supply for 1958-59 is estimated at 916 million bushels, the result of a second very favorable growing season. Carryover stocks next October 1 are expected to be up around 525 million bushels. Grain sorghum production in Oklahoma is expected to be 18,450,000 bushels and, if realized, will be 5 percent larger than the previous record crop of 17,520,000 bushels in 1950. Expected yield of 25.0 bushels per acre is 6.5 bushels higher than the previous record yield, also established in 1950.

Corn

The 1958-59 U. S. corn supply is now estimated at 5,154 million bushels, 330 million more than last year and over a billion bushels above the 1952-56 average. The 1958 crop, estimated in October at 3,686 million bushels, is expected to exceed total 1958-59 utilization by around

300 million bushels. This would increase the carryover on October 1, 1958, to nearly 1.8 billion bushels.

Oklahoma's corn crop, now estimated at 9,728,000 bushels, is more than double last year's production. The expected yield of 32 bushels per acre is the highest on record except for the 33 bushel yield in 1906.

Oats and Barley

The total U. S. oat supply for 1958-59 is estimated at 1,765 million bushels, 192 million more than in 1957-58 and 157 million above the 1952-56 average. While the acreage seeded to oats was the smallest in more than 30 years, a record yield resulted in a crop of 1,419 million bushels, 10 percent above the 1952-56 average.

Based on October 1 indications, Oklahoma's oat crop will be 21,480,000 bushels, up 6,860,000 bushels from last year. The expected yield per acre is 30 bushels as compared with 20 bushels per acre last year.

Total U. S. barley production of 466 million bushels in 1958 was 30 million more than in 1957. The total barley supply for 1958-59 is estimated at 659 million bushels, 12 percent above 1957-58 and 50 percent above the 1952-56 average. Both carryover and production set new records this year.

Barley production in Oklahoma is expected to more than double last year's, with a record 14,640,000 bushels, based on October 1 indications. The expected yield of 30 bushels per acre is up considerably from last year's 18.5 bushels per acre.

Other Feeds

The 1958 hay crop was nearly equal to the record crop of last year, and total supplies are the largest of record. The total supply of high-protein feed is expected to be up around 4 percent in 1958-59, continuing the upward trend of recent years. Larger supplies of soybean meal, cottonseed meal and animal proteins are in prospect.

Oklahoma's hay crop is expected to be 2,087,000 tons, up 277,000 tons from last year's production of 1,790,000 tons.

Prices

Feed grain prices are expected to average a little lower in 1958-59 than in the previous year. This expectation is based on larger production and a slightly lower level of government price supports. During the coming winter, prices may average near last year's level. However, prices next spring and summer may be lower than in 1957-58.

—Roger Hill

LIVESTOCK AND LIVESTOCK PRODUCTS

Beef Cattle*

Numbers

The inventory of cattle and calves on farms January 1, 1959, is expected to be at least 2 to 3 million greater than for the same date in 1958. A large decrease in calf slaughter in 1958 with only a slightly smaller calf crop indicates that much of the increase will be in calves from the 1958 calf crop. Cow numbers are also expected to rise by one-half to one million as cows have been held back for "one more calf." The increased numbers reflect the reduced slaughter rate. Total cattle and calf slaughter in 1958 is expected to be about 34.7 million head, down 4.7 million head from 1957.

The total number of cattle on United States farms on January 1, 1959, will be near the record high of 96.8 million set in 1956 and could equal or exceed it. Thereafter, new highs will be attained and cattle inventory likely will hit 100 million head by 1960.

A Note on the Present Cycle

A significant feature of the present cattle cycle is the ratio of the number of cows on farms and ranches to the number of people (see Figure 2). The present ratio is about the same as in 1949-50. However, at the same time, the current per capita consumption of beef is about 25 percent above the 1949-50 level. This increase in per capita consumption with the same number of cows per 100 people is primarily the result of two significant changes in the cattle industry. These are (1) the increased production per cow due to a more rapid turnover of cattle and an increased emphasis on feeding, and (2) the larger percentage of total cows on farms now made up by beef cows. Annual per capita production and consumption, therefore, may be maintained at or near its present level during 1959. This beef supply may prevent the cyclical price boom in cattle from reaching the proportions it has in the past. It may also tend to prevent a major price decline in subsequent years.

Imports

Cattle imports into the United States during 1958 totaled more than one million head. This exceeded the previous record of 764,000

*Based primarily on AMS, USDA, reports.

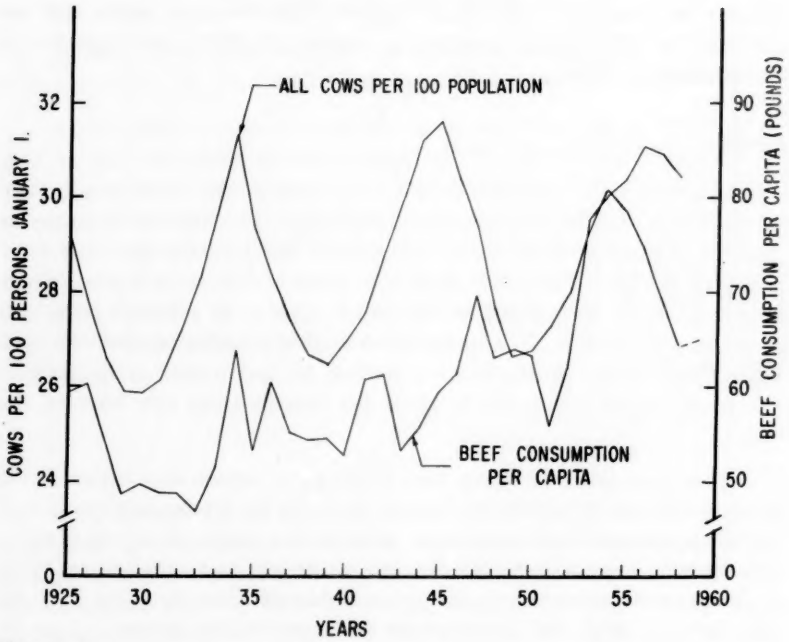

Figure 2.

head imported in 1939. During the first nine months of 1958, 734,000 head were imported from Canada and Mexico as compared with a total of 736,000 imported from the same two countries for the entire year, 1957.

Imports of beef and veal averaged about three times last years's rate for the January-September period. Combined imports of cattle and beef were equivalent to 8 percent of United States production in 1958, exceeding the previous record of 6 percent set in 1951.

The volume of cattle and beef imports in any given year is largely a reflection of the cattle cycle. When prices in the United States are up and slaughter is down, imports increase. When prices decline as a result of increased slaughter, a decline in imports is noted. Increased imports in 1958 followed this pattern. Unfavorable weather in parts of western Canada also contributed to larger movement of cattle to the United States in 1958.

The outshipments of cattle from Canada greatly reduced the inventory of steers and heifers in that country in 1958; however, the number of calves and cows was maintained. It therefore seems probable that

sizeable supplies of feeder cattle imports from Canada again will be available in 1959, but the volume of imports of 1958 is not expected to be repeated in 1959.

Feeding

Movement of cattle into feedlots was slow to get under way in late summer this year, but speeded up in early fall. The number of cattle on feed on January 1, 1959, likely will exceed last January and may set a new record high. A seasonal decline in price of fed cattle appears probable this winter, in contrast to the steady advance to a March peak that took place last winter. It appears questionable whether feeders will earn more than average profits in their feeding for late winter or spring sale. Prospects appear somewhat brighter for returns from sale later in the year.

The abundance of cheap feed is giving a tremendous boost to the feeding side of the cattle enterprise. It is lifting feeder cattle and calf prices to unusual highs relative to prices of fed cattle. It is contributing to a strong competitive feeder demand for heifers and heifer calves. This abundance is preventing as large a number of animals going into the cow herd as might be added under ordinary circumstances.

Another factor contributing to large volume cattle feeding has been the strong demand for fed beef. With such heavy emphasis on feeding, beef output could stay fairly high through the coming years of herd expansion. If this proves true, extreme price swings may be avoided. Price increases to date, especially for fed cattle, have not been extremely large. Prices of fed steers and heifers this fall are scarcely above their postwar average.

Prices

Prices of cattle in 1959 may average about the same as in 1958 and the pattern of prices may be similar. Heavy volume of cattle feeding and a larger beef supply per person than in previous cycles may prevent prices of fed cattle from rising as much as in some cycles of the past.

Strong demand for young cattle for feeding and for herd expansion may keep prices of feeding and breeding cattle high relative to slaughter cattle. Prices of cows and feeder stock, especially feeder calves, are above average and reflect to a large extent the cheap feed situation. This fall's paying prices for feeders are at the limit that would allow minimum average profits in feeding. Thus prices of feeder cattle this winter

are not expected to rise much above the fall level.

So long as producers choose to retain as many cows as they can, prices of cows will also remain high relative to prices of slaughter steers.

Any increase in cattle numbers sets the stage for a future price decline and one seems probable sometime in the early 1960's. If, however, the rate of expansion can be kept within bounds, the price drop would not be severe. The moderate rate of expansion in the breeding herd so far and the possibility that strong feeder demand will continue to draw on the available supply of heifers offer some hope for a moderate price decline. Any large expansionary boom such as 1950-52 will lead to another collapse such as 1953.

—Alfred Barr

Dairy

Milk production is becoming an increasingly important farm enterprise in Oklahoma. It is true that fewer farmers are producing milk, and that fewer cows exist on Oklahoma farms than formerly. But it is also true that the milk income per dairy farm is increasing. The Oklahoma dairy industry will be characterized in 1959 by continued concentration of milk production among fewer but more efficient dairymen.

Milk prices are not expected to improve next year. The Oklahoma blend price for milk for fluid consumption is currently about 45 cents per hundredweight less than a year ago. November prices received by Oklahoma farmers for all milk were down 30 cents from a year ago. These prices are not likely to rise because there remains a milk surplus. Neither is the price likely to fall because price supports are already at the minimum allowable rate.

Dairy farmers will spend more for cows, wages and taxes next year, but less for feed. Cow prices are 1/3 higher than a year ago and may go higher. Feed prices shall be lower, as a consequence of record production of concentrates and roughage in 1958 and lower price supports.

Rising prices of resources used by dairy farmers will constitute a minor drain on the dairyman's bank account relative to the drain of making additional investment commitments. In following the trend toward larger herds, heavier producing cows and labor saving equipment, Oklahoma dairy farmers are making larger investments per farm. In 1959 the number of dairy herds with more than 40 cows will increase

and the number with less than 20 cows will decrease in the state of Oklahoma. The apparent paradox of investments in larger dairy enterprises when milk prices are low and resource prices are rising is explained by the reduction in the average total cost of producing a pound of milk on efficiently organized farms.

The price of manufacturing milk on the grade C market in Oklahoma has remained steady this year compared with a decline in the price of fluid milk on the grade A market. Manufacturing milk prices may rise next year as a consequence of the reduced supply. The supply of manufacturing milk has been dwindling because some producers have left the business to take advantage of good beef prices and a good crop year while other producers have converted to more profitable grade A milk production.

About one-third of the whole-milk produced in Oklahoma is currently used in manufactured dairy products. Somewhat less will go for manufacturing purposes in 1959 because of a decrease in both supply of manufacturing milk and demand for manufactured products. The reduced demand results from three forces: (1) private consumer demand will be about the same, (2) United States exports will fall drastically from $217 million to about $144 million, (3) manufacturers in other states who enjoy a plentiful, cheap supply of milk for manufacturing purposes can stay in production at lower product prices.

Perhaps the brightest spot in milk manufacturing is the cheese outlook. While cheese exports will be down sharply under our changed foreign donation policy, consumer demand for cheese has increased sharply as a reaction to high prices for beef and pork. Thus, 1959 should be a good year for cheese production by Oklahoma milk manufacturers.

—Clark Edwards

Hogs

An increase in hog production is expected in 1959. Factors accounting for this increase include: (1) relatively high hog prices in 1958, (2) a continuing favorable hog-corn price ratio, and (3) large harvests of feed grains.

The total U. S. 1958 pig crop is estimated at 94,745 thousand head. This is 5.6 percent above the 1951-57 average of 89,684 thousand head. Increased farrowings are expected to continue with the 1959 spring pig crop. Farrowing reports from nine Corn Belt States indicate 2,010,000 sows to farrow during the 1959 winter quarter (December through

February).* This would be an increase of 20 percent over a year earlier. Since farrowings in these months comprise the largest part of the spring crop, the price of hogs in the fall of 1959 will depend largely on the extent of the increase in farrowings during the winter quarter.

The high hog-corn price ratio will stimulate continued expansion in production. Even with sharply reduced hog prices in 1959, farmers may find the hog enterprise to be profitable as a result of the low prices of feed. The large carryover of feed crops from this year, the elimination of acreage allotments on corn and reduced support prices for feed grains point to continued low feed prices next year.

For 1958, the hog-corn price ratio set an all time high of 20.6 in February and averaged 18.7 through October of this year. For the month of October the price ratio was a favorable 17.8 compared with the 1947-56 average of 13.9. For Oklahoma, the October ratio was 17.1.

Hog slaughter thus far in 1958 has been below that of last year. The hog kill through October was 57.8 million head, a decrease of 2.8 percent from the 59.5 million head at this time last year. This decrease reflects primarily the withholding of gilts for breeding purposes. Slaughter for the rest of the year is expected to average about the same as last year. Beginning early in 1959, marketings from increased production are expected to be significantly above the early 1958 rate.

Slaughter for Oklahoma is down considerably from that reported in 1957. The total hog kill through October was 552,000 head compared with 664,000 last year. For October alone, slaughter was 56,000 head, a sharp decrease from the kill of 73,000 head for the same month in 1957.

Hog prices have turned down seasonally from the highs of late summer but are still above 1957 prices. Hog prices have held up better than expected thus far in the fall marketing season. However, the anticipated higher level of marketings from the 1958 fall pig crop is expected to cause these prices to sag beginning in mid-winter. The normal rise of prices in the spring will be reduced as this relatively large crop is marketed.

Fall prices of 1959 are expected to be at a lower level. The extent of the decline will depend on the amount of increase in the 1959 spring farrowings. A large increase in 1959 would incur danger of badly depressed prices. For example, a 10 percent increase in farrowings, added to the expected increase in 1958 fall farrowings, would provide a supply

**Pig Crop Report*, AMS, USDA, October, 1958. The 9 states are: Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, South Dakota, Nebraska, and Kansas.

greater than in the fall of 1955. This probably would not be excessive because of the larger population to feed, but an increase larger than 10 percent likely would depress 1959 fall prices.

Prices received as of November 15, 1958 averaged $17.90. This was $1.30 higher than for the same month last year. Oklahoma farmers continued to receive slightly more than the national average. The Oklahoma price was $18.00, an increase of $1.20 over last year.

—Fred Mangum

Sheep, Lambs and Wool

United States

The January 1 inventory of stock sheep and lambs on farms was 488,000 head higher in 1958 than in 1957, an increase of 1.58 percent. The 1958 lamb crop was 4.28 percent above that of 1957. Since sheep and lamb slaughter has been about 5.2 percent less than in 1957, the January 1, 1959, inventory is expected to be slightly above that of 1958.

Prices received for lambs by producers for January through October, 1958, are 7 percent above prices in the same period of 1957 and 13 percent above 1956. These are the highest in several years and reflect high cattle prices. Many cattle feeders have been forced by the high price of feeder cattle to shift to lambs, thus pushing up the price of feeder lambs.

Western ranges have been better this year than for several years; hence a rise in sheep production is anticipated. Expanding Eastern production has been unable in the past to compensate for the contraction in the West, but now production should also increase in the West. Total numbers are expected to continue slowly upward unless poor Western ranges curtail this trend. Both confidence in prices generated by high beef prices and the guarantee of minimum returns from wool through the Wool Act should encourage increased sheep and lamb production.

Sheep and lamb prices in 1957 and 1958 have benefited from the cyclical upswing in all livestock prices. They would likewise join in any downward adjustment expected in the future. As lamb prices are more closely connected with cattle prices than with prices of any other livestock, declines may not begin for at least another year or two.

Wool production in 1958 has been about 2 percent above that of

1957. This resulted from increased sheep numbers. Due to continued increasing numbers, wool production probably will continue to rise.

United States wool consumption reached a cyclical peak around mid-1956, then began a downward trend. The long-term trend toward lighter-weight clothing and increased competition from manmade fibers have contributed to the decreased consumption. Decreased consumption and increased production have caused current domestic wool prices (grease basis) to range from 15 to 20 cents a pound below last year's prices.

The outlook for wool prices over the next few months is uncertain. Prices last season were low. Prices this season are much lower. The incentive level is the same this year as last year at 62 cents, so the average return to the producers will be unchanged. But the Government payment rate needed to bring the average return up to the incentive level is expected to be considerably higher.

Oklahoma

Oklahoma's feeder lamb situation appears to be about the same as the U. S. situation for the first few months of 1959. Pastures and ranges are in good condition, and wheat and other small grains have made excellent growth. Additional grazing has been provided in grain sorghum areas by the stubble fields, thus delaying the need for supplemental feeding.

This year, like last year, the demand for feeder lambs is strong. However, the supply in 1958 is larger than in 1957. High cattle prices should continue to hold lamb prices at a high level. Thus, price prospects for the spring (milkfed) lamb marketing period appear good at the present.

—John Goodwin

Poultry and Eggs

Eggs

The egg-laying flock in the U. S. will be 2 to 3 percent larger at the end of 1958 than it was at the beginning of the year. Due to the larger number of layers, monthly egg production during 1959 is likely to exceed the production of 1958 by 4 to 5 percent. Population will rise about 2 percent during 1959, so per capita egg consumption may be slightly above the 1958 annual rate of 348 eggs.

Egg prices are lower now than they were a year ago, and further declines are anticipated until at least mid-1959. Over the last ten years there has been an apparent weakening of consumer demand for eggs, and this has been a significant factor in egg prices. Both egg consumption and egg prices have decreased during this period.

The lower egg prices during the first part of 1959 may be offset slightly by prospective lower feed costs, but not enough to offset possible decreases of four or five cents from egg prices a year ago.

Broilers

Broiler prices declined during the summer as supplies increased and have not made any sustained recovery since that time. Even though prices are low compared with production costs, broiler production in 1959 is likely to be greater than the expected 1958 production of 1.6 billion birds.

The increase in volume under conditions of relatively lower prices is largely a result of integration and contractual arrangements in the broiler industry. Under many arrangements the farmers are guaranteed a certain return per bird or pound. Growers risk little out-of-pocket cash, and therefore are willing to expand under what appears to be adverse conditions.

Consumption of chicken meat in 1958 will be about 28½ pounds per person, up almost three pounds from last year. With supplies at current high levels, the price of red meats will exert considerable influence on chicken prices. Larger pork supplies during 1959 will tend to keep broiler prices at a relatively low level. The 1958 average price received by farmers will not exceed 19 cents per pound. The price is not expected to rise above this level during the first half of 1959.

Turkeys

Turkey production is also staying at high levels despite low prices. The 1959 production may be equal to or greater than the record level of 1957. If this forecast is realized, turkey producers can expect lower prices during 1959. Per capita consumption of turkey during 1958 was 5.6 pounds, down slightly from the 1957 record of 5.9 pounds. The 1959 consumption should be somewhere between these two figures.

About 2 percent of the 1958 total turkey consumption will be served through the national school lunch system. A total of 21 million pounds was purchased by the U. S. D. A. between July and November for donation to the system.

—Charles W. Brown

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Table I.—Upland Cotton: Support Rates and Monthly Average 14 Spot Market Prices, 1956-57, 1957-58 and 1958-59

Middling 1-inch	1956-57	1957-58	1958-59
		(Cents per pound)	
Support rate	33.02	32.56	35.35
Market price			
August	33.01	33.63	34.83
September	33.07	33.24	34.69
October	33.19	33.54	34.75

Table 2.—Monthly and Season Average[1] Prices Received by Farmers for Oklahoma Farm Products.
(Dollars)

	Wheat	Corn	Oats	Barley	Rye	Grain Sorghum	All hay	Alfalfa hay	Wild hay	Cotton-lint	Cotton-seed	Soy-beans	Pea-nuts
1956	2.00	1.42	.75	.93	1.09	2.18	26.70	28 92	19.09	.284	55.80	2.02	.112
1957**	1.95	1.25	.65	.80	.97	1.52	20.50	28.22	19.90	.278	49 10	2.05	.103
1957 Nov.	1.91	1.20	.66	.77	.96	1.46	20.00	24.80	16.40	.273	49.00	2.00	.103
Dec.	1.97	1.19	.67	.77	.98	1.54	19.70	24.40	16.00	.211	50.00	2.00	.101
1958 Jan.	1.99	1.16	.68	.78	.95	1.60	19.60	24.40	15.80	.198	51.00	2.00	.094
Feb.	2.01	1.18	.67	.76	.93	1.66	18.40	23.00	15.00	.198	52.00	2.00	.100
Mar.	2.04	1.18	.65	.75	.94	1.72	18.10	22.00	15.00	.205	53.00	2.00	.104
Apr.	2.06	1.20	.64	.73	1.00	1.80	16.80	20.40	13.60	.215	-- --	2.10	.104
May	2.06	1.24	.61	.72	.97	1.82	15.90	18.50	14.00	.238	-- --	2.05	---
June	1.64	1.23	.48	.68	.86	1.80	14.50	17.00	12.60	.260	-- --	2.00	---
July	1.62	1.25	.52	.73	.88	1.85	14.80	17.70	12.50	.260	-- --	2.00	---
Aug.	1.66	1.24	.56	.76	.88	1.80	14 60	17.60	12.00	---	-- --	2.00	---
Sept.	1.75	1.08	.60	.78	.96	1.65	14.40	17.30	11.50	.322	42.00	1.86	.105
Oct.	1.79	1.07	.60	.80	.92	1.56	15.00	17.70	12.80	.311	41.00	1.77	.106
Nov.	1.81	1.06	.61	.85	.96	1.62	15.20	18.40	12.80	.305	42.00	1.78	.103

	Cattle	Calves	Sheep	Lambs	Hogs	Wholesale milk	Butter-fat	All chickens	Commercial broilers	Eggs	Turkeys	Wool	Alfalfa seed	Sweet Potatoes
1956	13.30	15.60	4.90	18.90	14.40	4.55	.53	.171*	.195	.333	.243	.34	19.90	2.98***
1957**	15.90	17.90	6.60	19.68	17.90	4.56	.53	.163	.183	.293	.221	.45	21.00	2.92***
1957 Nov.	16.50	18.60	8.00	19.70	16.80	5.05*	.54*	.149*	.165	.409	.220	.46	20.50	2.75
Dec.	17.70*	20.20	8.30	20.30	18.00	4.90*	.54*	.145*	.160	.427	.230	.36	21.00	3.00
1958 Jan.	19.10	21.80	8.30	21.10	18.10	4.85*	.52	.160	.180	.354	.230	.40	21.00	3.00
Feb.	20.50	22.80	8.50	21.30	19.20	4.80	.52	.166	.185	.320	.240	.37	22.00	3.00
Mar.	21.70	24.80	8.30	21.80	20.00	4.70	.52	.184	.204	.324	.210	.34	23.00	3.05
Apr.	22.00	25.00	8.30	21.30	20.20	4.25	.51	.163	.185	.322	.220	.31	23 00	3.20
May	21.90	25.50	8.60	21.00	20.70	4.15	.51	.175	.195	.315	.220	.27	22.00	- --
June	21.30	24.80	7.70	21.50	21.10	4.15	.51	.182	.200	.293	.210	.28	-- --	- --
July	22.10	25.80	7.70	21.50	21.70	4.35*	.51	.171	.190	.301	.220	.27	-- --	- --
Aug.	21.70	25.80	7.50	21.00	21.30	4.40	.51	.160	.175	.300	.210	.29	19 50	2.50
Sept.	22.10	26.50	7.20	19.80	19.70	4.60*	.52	.157	.165	.345	.220	.29	18.70	2.50
Oct.	21.80	26.00	7.40	19.80	18.30	4.70	.52	.151	.160	.348	.220	.29	19.10	2.20
Nov.	21.70	27.00	7.40	19.80	18.00	4.75	.52	.146	.160	.357	.220	.29	19.40	2.35

SOURCE: *Prices Received by Farmers,* Agricultural Marketing Service, U.S.D.A., Oklahoma City, Oklahoma, Monthly Releases or *Agricultural Prices,* A.M.S., U.S.D.A., Washington, D. C.

[1] Annual prices for crops are season average prices for the crop year weighted by marketings. Annual prices for livestock and products are season average prices for the calendar year weighted by marketings.

* Revised ** Preliminary *** 9 months average

* Revised ** Preliminary *** 9 months average

Table 3.—Index Numbers of Prices Receiveed by Farmers for Oklahoma Farm Products.[1]
(Percent of 1910-14 Average)

		Wheat	Corn	Oats	Barley	Rye	Grain sorghums	All Hay	Cotton-lint	Cotton-seed	Sweet Potatoes
1956		232	214	166	157	150	168	271	253	259	227***
1957		227*	205*	166*	150*	123*	155*	261*	244*	286*	235***
1957	Nov.	222	185	148	129	112	121	227	241	250	224
	Dec.	229	183	150	129	114	128	223	186	255	244
1958	Jan.	231	178	152	130	110	133	222	175	261	244
	Feb.	233	182	150	127	108	138	209	175	266	244
	Mar.	237	182	145	125	109	143	205	181	271	248
	Apr.	239	185	143	122	116	150	190	190	* *	260
	May	239	191	136	120	113	151	180	210	* *	* *
	June	190	189	107	114	100	150	164	230	* *	* *
	July	188	192	116	122	102	154	168	230	* *	* *
	Aug.	193	191	125	127	102	150	166	230	* *	203
	Sept.	203	166	134	130	112	137	163	284	215	203
	Oct.	208	165	134	134	107	130	170	275	210	179
	Nov.	210	163	136	142	112	135	172	269	215	191

		Cattle	Calves	Sheep	Lambs	Hogs	Wholesale milk	Butterfat	All chickens	Eggs	Wool
1956		276	268	110	222	205	235	224	183	187	194
1957		328*	297*	146*	335*	256*	238*	221	173*	171	261
1957	Nov.	342	312	173	338	239	262*	231*	158*	230	268
	Dec.	366*	338	178	348	256	254	231*	154*	240	210
1958	Jan.	395	365	178	363	257	252	222	170	199	233
	Feb.	424	382	184	367	273	249	222	177	180	215
	Mar.	449	415	178	375	284	244	222	196	182	198
	Apr.	455	419	178	367	287	221	218	174	181	181
	May	453	427	186	361	294	215	218	186	177	157
	June	441	415	167	370	300	215	218	194	165	163
	July	458	432	167	370	308	228	218	170	169	169
	Aug.	449	432	162	361	303	228	218	170	169	169
	Sept.	458	444	156	341	280	239	222	167	194	169
	Oct.	451	436	160	341	260	249	222	161	196	169
	Nov.	449	452	160	341	256	247	222	155	201	169

SOURCE: Annual data are averages of months for calendar years and are compiled by Dept. of Ag. Econ., Oklahoma State University, from data supplied by Agricultural Marketing Service, U.S.D.A., Oklahoma City, Oklahoma, and Washington, D. C. For previous years, see Oklahoma Agri. Exp. Sta. Publication P-297, Prices Receiveo by Oklahoma Farmers, 1910-1957.

[1] For the index of purchasing power of a unit of an individual commodity in terms of commodities used in farm production and family living, interest, taxes and wage rates, divide the index of price received by Oklahoma farmers (in this table) by the index prices paid by United States farmers in Table 7 for the same month and multiply by 100.

* Revised ** Data not available *** 9 months average

Table 4.—Price Indexes of Groups of Oklahoma Farm Products.
(Percent of 1910-14 Average)

		All farm products	All crops	Feed grains	Feed grains and hay	Cotton and cottonseed	Oil bearing crops	All livestock & L.S. Prod.	Meat animals	Dairy products	Poultry and poultry prod.
1956		241*	243	190	224	252	301	240	257	252	191
1957		251	237	162	215	247	283	266*	305*	254*	175*
1957	Nov.	254	229	157	186	241	282	282	312	272	217
	Dec.	258	222	159	186	193	281	296	335	267	224
1958	Jan.	260	220	159	186	184	270	303	357	262	196
	Feb.	266	222	162	183	184	283	314	381	260	183
	Mar.	275	227	162	182	190	292	328	404	257	188
	Apr.	276	229	166	179	198	292	327	408	241	183
	May	278	233	167	177	216	292	327	410	238	183
	June	261	205	159	166	233	292	320	402	237	174
	July	265	204	164	170	233	292	331*	416	245*	176
	Aug.	265	207	164	170	233	292	327	410	246	172
	Sept.	276*	222	152	160	275	273	334*	412	255*	191
	Oct.	274	223	148	161	266	272	329	403	257	191
	Nov.	274	224	150	163	262	269	329	403	258	194

Purchasing Power Indexes of Groups of Oklahoma Farm Products[1]
(Percent of 1910-14 Average)

		All farm products	All crops	Food grains	Feed grains	Feed grains and hay	Cotton and cottonseed	Oil bearing crops	All livestock & L.S. prod.	Meat animals	Dairy products	Pltry. and pltry. prod.
1956		84	85	81	66	79	88	106	84	90	88	67
1957		84	80	77	55	65	83	97	89	102	84	58
1957	Nov.	85	77	74	53	62	81	95	95	105	91	73
	Dec.	86	74	77	53	62	65	94	99	112	89	75
1958	Jan.	86	73	77	53	62	61	90	101	119	87	65
	Feb.	88	74	77	54	61	61	94	104	126	86	61
	Mar.	90	75	78	53	60	62	96	108	133	85	62
	Apr.	90	75	78	54	58	65	95	107	133	79	60
	May	91	76	78	55	58	71	95	107	134	78	60
	June	86	67	62	52	54	76	96	105	132	78	57
	July	87	67	62	54	56	76	96	108	136	80*	58
	Aug.	87	68	63	54	56	77	96	108	135	81	57
	Sept.	90	73	67	50	52	90	90	110*	135	84*	63
	Oct.	89	73	68	48	52	87	89	107	131	84	62
	Nov.	89	73	68	49	53	85	87	107	131	84	63

SOURCE: Compiled by Dept. of Ag. Econ., Oklahoma State University, from data supplied by Agricultural Marketing Service, U.S.D.A., Oklahoma City, Oklahoma, and Washington, D. C. For previous years, see Oklahoma Agri. Exp. Sta. Publication P-297, Prices Received by Oklahoma Farmers, 1910-1957.

[1] The ratio of prices received by farmers to prices paid by farmers for commodities used in farm living and production, interest, taxes and wage rates. For individual commodities, see footnote 1 of Table 5.

* Revised

Table 5.—Index Numbers in the United States, Index of Demand Deposits in Oklahoma, and Oklahoma Price Ratios.

		United States index numbers of:					Oklahoma price ratios[4]			
		Prices received by farmers (1910-14=100)	Prices paid by farmers (1910-14=100)	Wholesale prices (1910-14=100)	Industrial manufacturing payrolls[1] (1947-49=100)	Index of demand deposits in Oklahoma[2 3] (1923-25=100)	Hog corn	Egg feed	Turkey feed	Milk feed
1953		258	279	247	151.4	289.3	14.04	11.2	7.6	1.520
1954		250	281	247	137.7	289.3	15.15	8.6	7.4	1.479
1955		236	281	248	152.5	291.3	11.43	9.5	7.4	1.600
1956		235*	286*	256	161.3	297.4	10.35	9.7	7.2	1.680
1957		242	296	264	162.7	290.9	13.54	9.2	6.8	1.704
1957	Nov.	242	298	265	160.9	289.0	14.00	13.0	7.0	2.095
	Dec.	242	299	265	157.4	294.2	15.13	13.5	7.3	2.046
1958	Jan.	247	301	267	149.3	307.2	15.60	11.2	7.3	2.052
	Feb.	252	302	267	145.0	297.6	16.27	9.9	7.5	1.992
	Mar	263	304	270	143.6*	293.0	16.95	10.0	6.5	1.925
	Apr.	264	306	270	139.6*	298.7	16.83	9.7	6.6	1.729
	May	264	306	267	140.9*	295.2	16.69	9.4	6.6	1.676
	June	255	305	267	144.9*	302.0	17.15	9.3	6.7	1.825
	July	254	305	267	144.8*	316.4	17.36	9.4	6.9	1.881*
	Aug.	251	304	267	150.1	319.6	17.18	9.3	6.5	1.881
	Sept.	258	305	267	154.7	321.6	18.24	10.8	6.9	2.012*
	Oct.	252	307	267	----	329.1	17.10	11.0	7.0	2.075
	Nov.	251	308	267	----	----	16.98	11.4	7.0	2.056

SOURCE: Indexes of U. S. prices received and prices paid by farmers and indexes of U. S. wholesale prices, from *Agricultural Prices*, A.M.S., U.S.D.A., Washington, D. C. Indexes of demand deposits in Oklahoma, calcu'ated by Dept. Agri. Econ., Okla. Agri. Exp. Sta. from data furnished by Federal Reserve Board, Washington, D. C. Indexes of industrial manufacturing payrolls, from U. S. Department of Labor, Bureau of Labor Statistics, Washington, D. C.

[1] Unadjusted for seasonal variation.

[2] Demand deposits of Oklahoma member banks of the Federal Reserve System located in places under 15,000 population.

[3] Index numbers based on net demand deposits prior to 1936 and upon gross demand deposits since that date. For a discussion of this index see CURRENT FARM ECONOMICS, Oklahoma Agricultural Experiment Station Series 49, Vol. 13, Nos. 1 and 2. Feb.-Apr., 1940. p. 41.

[4] The number of bushels of corn or pounds of feed which one unit of the commodity (100 pounds of hogs, one dozen eggs, one pound of turkeys or milk) will purchase. Prices used are the official A.M.S. estimates of prices received by Oklahoma farmers except for commercial feeds or ingredients which are official A.M.S. estimates of prices paid by Oklahoma farmers. These ratios are computed on the basis of fixed rations and are not directly comparable with ratios computed from other rations. The composition of each ration used is available upon request.

* Revised.

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